



Connecticut Association of Assessing Officers, Inc.

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March 6, 2015

Testimony- Planning and Development Committee

David Dietsch, CCMA II
Legislative Chairman, CAAO

Members of the Planning and Development Committee:

The CAAO respectfully request that you oppose SB 679, An Act Concerning the Property Tax Exemption for Nonprofit Group Homes.

CAAO has serious concerns with this bill. When the owners of group homes request a property tax exemption, they file an application (Form M-3 Rev.) with the assessor in the municipality in which the group home is located, and the assessor reviews this application to determine whether or not the property tax exemption shall be granted.

Connecticut General Statutes Section 12-88 requires that *no rents, profits or income are derived* in order to qualify for tax-exempt status. Many group homes, though owned by nonprofits, charge rent, and rent to long-term tenants. Connecticut assessors have not granted tax-exempt status to those group homes that rent in accordance with Section 12-88.

In addition, many group homes are owned by one agency, who may or may not be a nonprofit, and leased to a nonprofit agency. Connecticut General Statutes Section 12-81(58) allows that *subject to authorization of the exemption by ordinance in any municipality, any real or personal property leased to a charitable, religious or nonprofit organization, exempt from taxation for federal income tax purposes, provided such property is used exclusively for the purposes of such charitable, religious or nonprofit organization and not otherwise exempt under this section.*

Unlike Connecticut General Statutes Section 12-81(58), SB 679 does not give municipalities the option of determining the tax-exempt status of the group homes in question.

CAAO believes that if all nonprofit group homes were made tax-exempt, the distinctions that currently apply would no longer exist, and there would be no limitations in place within the municipalities. This could result in a nonprofit organization purchasing a large apartment complex, utilizing it as a group home, and becoming tax-exempt. Municipalities do not receive a payment in lieu of taxes for group home properties and this would result in revenue loss to municipalities.

Therefore, on behalf of CAAO, we respectfully request that you oppose SB 679.

Respectfully,

David M. Dietsch
Co-Chair Legislative Committee
CAAO